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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

INNOVATIVE ADVISORY
SERVICES, INC., INNOVATIVE
ADVISORY SERVICES LLC, ISLAND
TRADER LLC, and RICHARD H.
NICKLES,

Defendants.

Case No. SACV 10-00423 JVS (RNBx)

PRELIMINARY INJUNCTION AND ORDERS:

(1) FREEZING ASSETS;

(2) REQUIRING ACCOUNTINGS;

(3) PROHIBITING THE DESTRUCTION OF DOCUMENTS;

AND (4) GRANTING EXPEDITED DISCOVERY

1 The Court, having considered plaintiff Securities and Exchange
2 Commission's ("Commission") Complaint, the Application for a Preliminary
3 Injunction and Orders: (1) Freezing Assets; (2) Requiring Accountings; (3)
4 Prohibiting The Destruction Of Documents; and (4) Granting Expedited Discovery
5 ("Application"), the supporting Memorandum of Points and Authorities,
6 Declarations and Exhibits, and all other evidence and argument presented
7 regarding the Application, finds that this Court has jurisdiction over the parties to,
8 and the subject matter of, this action, that the Commission has demonstrated a
9 probability of success on the merits and a possibility of dissipation of assets in this
10 case, and that defendants Innovative Advisory Services, Inc., Innovative Advisory
11 Services LLC, Island Trader LLC, and Richard H. Nickles consent to the entry of
12 this Order without admitting or denying the allegations in the Commission's
13 Complaint (except as to personal and subject matter jurisdiction, which defendants
14 admit). IT IS HEREBY ORDERED, for good cause shown, as follows:

15 **I.**

16 IT IS HEREBY ORDERED that the Commission's Application for a
17 Preliminary Injunction and Orders: (1) Freezing Assets; (2) Requiring
18 Accountings; (3) Prohibiting The Destruction Of Documents; and (4) Granting
19 Expedited Discovery is GRANTED.

20 **II.**

21 IT IS FURTHER ORDERED that Defendants Innovative Advisory Services,
22 Inc., Innovative Advisory Services LLC, and Richard H. Nickles, and their
23 officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and
24 those persons in active concert or participation with any of them, who receive
25 actual notice of this Order, by personal service or otherwise, and each of them, be
26 and hereby are preliminarily restrained and enjoined from, directly or indirectly, by
27 the use of the mails or means and instrumentalities of interstate commerce:
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- a. employing devices, schemes and artifices to defraud clients or prospective clients; or
 - b. engaging in transactions, practices, and courses of business which operate as a fraud or deceit upon clients or prospective clients

in violation of Sections 206(1) and (2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1) and (2).

III.

IT IS FURTHER ORDERED that Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, and Richard H. Nickles, and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are preliminarily restrained and enjoined from, directly or indirectly, in the offer or sale of any securities, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails:

- a. employing any device, scheme or artifice to defraud;
 - b. obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
 - c. engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser:

in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

IV.

IT IS FURTHER ORDERED that Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, and Richard H. Nickles, and their

officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are preliminarily restrained and enjoined from, directly or indirectly, in connection with the purchase or sale of any security, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange:

- a. employing any device, scheme or artifice to defraud;
 - b. making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
 - c. engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;

in violation of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

V.

IT IS FURTHER ORDERED that Defendants Island Trader LLC and Richard H. Nickles, and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are preliminarily restrained and enjoined from, directly or indirectly, by use of the mails or means or instrumentalities of interstate commerce, effecting transactions in, or inducing or attempting to induce, the purchase or sale of any security, without being registered as a broker and/or dealer pursuant to Section 15(b) of the Exchange Act, 15 U.S.C., § 78o(b), in violation of Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

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VI.

IT IS FURTHER ORDERED that, except as otherwise ordered by this Court, Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, Island Trader LLC, and Richard H. Nickles, and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are preliminarily restrained and enjoined from, directly or indirectly:

- a. transferring, assigning, selling, hypothecating, changing, wasting, dissipating, converting, concealing, encumbering, or otherwise disposing of, in any manner, any funds, assets, securities, claims, or other real or personal property, wherever located, of Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, Island Trader LLC, and Richard H. Nickles, or their subsidiaries or affiliates, whether owned by, controlled by, managed by or in the possession or custody of any of them;
 - b. transferring, encumbering, dissipating, incurring charges or cash advances on any debit or credit card or the credit arrangement of Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, Island Trader LLC, and/or Richard H. Nickles, or any of their subsidiaries or affiliates.

VII.

IT IS FURTHER ORDERED that, except as otherwise ordered by this Court, an immediate freeze shall be placed on all monies and assets (with an allowance for necessary and reasonable living expenses to be granted only upon good cause shown by application to the Court with notice to and an opportunity for the Commission to be heard) in all accounts at any bank, financial institution or brokerage firm, all certificates of deposit, and other funds or assets, held in the

1 name of, for the benefit of, or over which account authority is held by Defendants
 2 Innovative Advisory Services, Inc., Innovative Advisory Services LLC, Island
 3 Trader LLC, and Richard H. Nickles, or any trust, partnership, joint venture,
 4 person or entity affiliated with any of them (including subsidiaries), including, but
 5 not limited to, the accounts set forth below:

<u>Bank or Brokerage</u>	<u>Account Name</u>	<u>Account Number</u>
Bank of America	Innovative Advisory Services, Inc.	xxxxx-x9065
Bank of America	Innovative Advisory Services, Inc.	xxxxx-x3169
Bank of America	Innovative Advisory Services, Inc.	xxxxx-x1141
Bank of America	Island Trader LLC	xxxxx-x6874
Bank of America	Island Trader LLC	xxxxx-x0217
Bank of America	Richard Nickles	xxxxx-x1705
JP Morgan Chase Bank, NA	Innovative Advisory Services, Inc.	xxxxx-3562
Scottrade, Inc.	Innovative Advisory Services, Inc.	xxx-x7717
Scottrade, Inc.	Richard Nickles	xxx-x5013
Scottrade, Inc.	Richard Nickles	xxx-x1511
Scottrade, Inc.	Richard Nickles	xxx-x5012
Union Bank, NA	Innovative Advisory Services, Inc.	xxxxxx7296
Union Bank, NA	Richard Nickles	unknown
Wells Fargo Bank, NA	Innovative Advisory Services, Inc.,	xxx-xxx2108

1	Wells Fargo Bank, NA	Innovative Advisory Services, Inc.,	xxx-xxx3647
2	Wells Fargo Bank, NA	Island Trader Securities, Inc.	xxx-xxx2888
3	Wells Fargo Bank, NA	Island Trader Securities, Inc.	xxx-xxx9975
4	Wells Fargo Bank, NA	Richard Nickles	xxx-xxx3777
5	Wells Fargo Bank, NA	Richard Nickles	xxx-xxx3827
6	Wells Fargo Bank, NA	Richard Nickles	xxx-xxx3967
7	Wells Fargo Bank, NA	Richard Nickles	xxx-xxx5561
8	Wells Fargo Bank, NA	Richard Nickles	xxx-xxx9399

VIII.

IT IS FURTHER ORDERED that, except as otherwise ordered by this Court, Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, Island Trader LLC, and Richard H. Nickles, and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are preliminarily restrained and enjoined from, directly or indirectly: destroying, mutilating, concealing, transferring, altering, or otherwise disposing of, in any manner, any documents, which includes all books, records, computer programs, computer files, computer printouts, contracts, correspondence, memoranda, brochures, or any other documents of any kind in their possession, custody or control, however created, produced, or stored (manually, mechanically, electronically, or otherwise), pertaining in any manner to Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, Island Trader LLC, and Richard H. Nickles, and their subsidiaries and affiliates.

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IX.

IT IS FURTHER ORDERED that the Commission's application for expedited discovery is granted and that the Commission may take depositions upon oral examination and obtain document production from parties and non-parties subject to two business days notice; and may serve interrogatories and requests for admissions, subject to response within five calendar days of service. Service of all expedited discovery requests shall be proper if made upon the parties by facsimile, electronic mail, or overnight courier.

X.

IT IS FURTHER ORDERED that Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, Island Trader LLC, and Richard H. Nickles shall immediately prepare and deliver to the Commission a detailed and complete schedule of all of their assets, including all real and personal property exceeding \$5,000 in value, and all bank, securities, futures and other accounts identified by institution, branch address and account number. The accountings shall include a description of the source(s) of all such assets. Such accountings shall be filed with the Court and copies shall be delivered to the attention of Janet Rich Weissman at the Commission's Los Angeles Regional Office, located at 5670 Wilshire Blvd., Los Angeles, CA 90036. After completion of the accountings, Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, Island Trader LLC, and Richard H. Nickles shall produce to the Commission's Los Angeles Regional Office, at a time agreeable to the Commission, all books, records and other documents supporting or underlying their accountings.

XI.

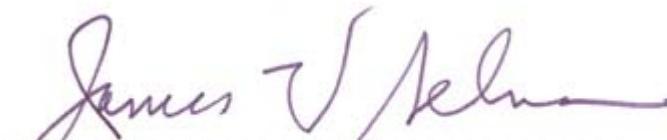
IT IS FURTHER ORDERED that this Court shall retain jurisdiction over //

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1 this action for the purpose of implementing and carrying out the terms of all orders
2 and decrees which may be entered herein and to entertain any suitable application
3 or motion for additional relief within the jurisdiction of this Court.

4 IT IS SO ORDERED.
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6 DATED: April 29, 2010
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8 
9 THE HONORABLE JAMES V. SELNA
10 UNITED STATES DISTRICT JUDGE

11 Presented by:
12

13 /s/ David J. Van Havermaat
14 David J. Van Havermaat
Janet Rich Weissman
Attorneys for Plaintiff
Securities and Exchange Commission
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